

House Engrossed Senate Bill

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
Senate  
Forty-eighth Legislature  
First Regular Session  
2007

CHAPTER 173

## **SENATE BILL 1556**

AN ACT

AMENDING SECTION 38-727, ARIZONA REVISED STATUTES; RELATING TO THE STATE  
RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-727, Arizona Revised Statutes, is amended to  
3 read:

4 38-727. Eligibility; options

5 The following provisions apply to all employees hired on or after the  
6 effective date:

7 1. All employees and officers of this state and all officers and  
8 employees of political subdivisions establishing a retirement plan  
9 administered by the board pursuant to this article who as a result of state  
10 service or service for the political subdivision are included in agreements  
11 providing for their coverage under the federal old age and survivors  
12 insurance system are subject to this article, except that membership is not  
13 mandatory:

14 (a) On the part of any employee who is eligible and who elects to  
15 participate in the optional retirement programs established by the Arizona  
16 board of regents pursuant to the authority conferred by section 15-1628 or by  
17 a community college district board pursuant to authority conferred by section  
18 15-1451.

19 (b) For a state elected official who is subject to term limits, who is  
20 eligible for participation in ASRS because the state elected official elected  
21 not to participate in the elected officials' retirement plan as provided in  
22 section 38-804, subsection A and who elects not to participate in ASRS as  
23 provided in paragraph 7 of this section.

24 (c) On the part of any employee or officer who is eligible to  
25 participate and who participates in the elected officials' retirement plan  
26 pursuant to article 3 of this chapter, the public safety personnel retirement  
27 system pursuant to article 4 of this chapter or the corrections officer  
28 retirement plan pursuant to article 6 of this chapter.

29 2. All employees and officers of political subdivisions whose  
30 compensation is provided wholly or in part from state monies and who are  
31 declared to be state employees and officers by the legislature for retirement  
32 purposes are subject, on legislative enactment, to this article and are  
33 members of ASRS.

34 3. Any member whose service terminates other than by death or  
35 withdrawal from membership is deemed to be a member of ASRS until the  
36 member's death benefit is paid.

37 4. Employees and officers shall not become members of ASRS and, if  
38 they are members immediately before becoming employed as provided by this  
39 section, shall have their membership status suspended while they are employed  
40 by state departments paying the salaries of their officers and employees  
41 wholly or in part from monies received from sources other than appropriations  
42 from the state general fund for the period or periods payment of the employer  
43 contributions is not made by or on behalf of the departments.

1           5. Notwithstanding other provisions of this section, a temporary  
2 employee of the legislature whose projected term of employment is for not  
3 more than six months is ineligible for membership in ASRS. If the employment  
4 continues beyond six successive months, the employee may elect to either:

5           (a) Receive credit for service for the first six months of employment  
6 and establish membership in ASRS as of the beginning of the current term of  
7 employment if, within forty-five days after the first six months of  
8 employment, both the employer and the employee contribute to ASRS the amount  
9 that would have been required to be contributed to ASRS during the first six  
10 months of employment as if the employee had been a member of ASRS during  
11 those six months.

12           (b) Establish membership in ASRS as of the day following the  
13 completion of six months of employment.

14           6. A person who is employed in postgraduate training in an approved  
15 medical residency training program of an employer OR A POSTDOCTORAL SCHOLAR  
16 WHO IS EMPLOYED BY A UNIVERSITY UNDER THE JURISDICTION OF THE ARIZONA BOARD  
17 OF REGENTS is ineligible for membership in ASRS.

18           7. A state elected official who is subject to term limits and who is  
19 eligible for participation in ASRS because the state elected official elected  
20 not to participate in the elected officials' retirement plan as provided in  
21 section 38-804, subsection A may elect not to participate in ASRS. The  
22 election not to participate is specific for that term of office. The state  
23 elected official who is subject to term limits shall make the election in  
24 writing and file the election with ASRS within thirty days after the elected  
25 official's retirement plan mails the notice to the state elected official of  
26 the state elected official's eligibility to participate in ASRS. The  
27 election is effective on the first day of the state elected official's  
28 eligibility. If a state elected official who is subject to term limits fails  
29 to make an election as provided in this paragraph, the state elected official  
30 is deemed to have elected to participate in ASRS. The election not to  
31 participate in ASRS is irrevocable and constitutes a waiver of all benefits  
32 provided by ASRS for the state elected official's entire term, except for any  
33 benefits accrued by the state elected official in ASRS for periods of  
34 participation prior to being elected to an office subject to term limits or  
35 any benefits expressly provided by law.

~~APPROVED BY THE GOVERNOR MAY 1, 2007.~~

~~FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 1, 2007.~~